

OFFICIALS OF PETROLEUM COMPANY OF TRINIDAD AND TOBAGO

Mr. Wilfred Espinet	Chairman
Mr. Reynold Ajodhasingh	Deputy Chairman
Mr. Anthony Chan Tack	Director
Mr. Nigel Edwards	Director
Mr. Fitzroy Harewood	President
Mr. Stephen Awah	Vice President, Exploration and Production
Mr. Astor Harris	Vice President, Refining and Marketing
Mr. Neil Derrick	Vice President, Human Resources and Corporate Services
Mrs. Radica Maraj-Adharsingh	Senior Manager, Law and Land Management
Mrs. Sharon Morris-Cummings	Corporate Secretary
Ms. Lilawatee Rambarran	Manager, Financial Accounting (Ag.)
Ms. Carmen Persad	Manager, Management Accounting

OFFICIALS OF MINISTRY OF ENERGY AND ENERGY INDUSTRIES

Mr. Selwyn Lashley	Permanent Secretary
Ms. Penelope Bradshaw-Niles	Deputy Permanent Secretary

3.20 p.m.

Mr. Chairman: Good afternoon members of the board and management and staff of Petrotrin. Do we have anybody at today's meeting that was not at the last hearing? Well then regrettably I will have to go through the process again. Petrotrin can you please introduce yourself.

[Introductions made]

Mr. Chairman: Could we get the people at the back, please; tell us who you are.

[Introductions made]

Mr. Chairman: And today in this Committee we have—

[Introductions made]

Mr. Chairman: We will be examining you today. Who would like to go first?

Mr. Espinet: Chairman, just to note for the record that Director Rajpaul who was supposed to be part of our team is ill and was not able to make it.

Mr. Chairman: Thank you very much. Okay, go ahead Mr. Ramdeen.

Mr. Ramdeen: Thank you, Mr. Chairman. Mr. Chairman, President and members of Petrotrin I want to begin this afternoon by thanking you for the submission of the report dated the 21st of December 2017, as requested by the Committee on the last occasion with respect to the SouthWest Soldado project.

Mr. Chairman, I am directing these questions to you, and if it is not properly directed to you then perhaps you could just indicate who would answer. I am not sure exactly who they ought to be directed to.

Do you have in your possession, Mr. Chairman, what is commonly referred to as the “Lashley Report” that was delivered on 1st of June 2017?

Mr. Espinet: I do not have it in my possession, but I was in fact part of the committee that reported on that occasion.

Mr. Ramdeen: Mr. Chairman, what I want to get at is what is reported at page 13 under the heading of “Asset Integrity”. Asset integrity is one of the major problems that Petrotrin faces at the moment, correct?

Mr. Espinet: That is indeed one of them, yes.

Mr. Ramdeen: I want to focus a little bit on the asset integrity. Recently—when I say recently within the past year—there was an issue about an oil spill at Petrotrin that resulted from a ruptured tank at Petrotrin, and you must be aware of that and the consequences thereof.

Mr. Espinet: Recently there was a ruptured tank? May I pass this on to the President?

Mr. Ramdeen: Of course.

Mr. Harewood: Yes, member, there was an oil spill that occurred in May 2017.

Mr. Ramdeen: When I said recently I am sorry to make it seem as though it was weeks or days ago, but there was an oil spill last year with respect to Petrotrin. Was that, as far as you are aware, as a result of the asset integrity problem that faces Petrotrin as we speak?

Mr. Harewood: The investigation into the oil spill would have identified a number of factors, one of which had to do with the integrity of a tank yes.

Mr. Ramdeen: There are a number of communities that surround the Petrotrin Point-a-Pierre refinery. Has there been any report done by Petrotrin with respect to what the risks are to those communities as a result of the asset integrity problem that Petrotrin faces?

Mr. Harewood: As a matter of routine we do risk assessments of our facilities, which includes the Point-a-Pierre facility, and whenever we update the risk assessment we will take into account any new information we have with respect to the risk associated with our assets. But part of obligation to the OSH authority is that we continuously update our risk assessment of our facilities.

Mr. Ramdeen: But what I want to focus on, Mr. Harewood, is the fact that if there is an asset integrity problem there are two aspects to that. One, it is a risk to the company and, because of where Petrotrin is located there is also a wider risk to the community because the asset integrity problem comes in different forms. What I am asking you directly, has there been any assessment of the risk to the surrounding communities at Point-a-Pierre with respect to the asset integrity of Petrotrin?

Mr. Harewood: So, again, I want to repeat that we do risk assessment of our facilities. More than that you would appreciate that in 2015/2016 there was a national facilities audit that also included Petrotrin and included our facilities throughout our various locations, and that would have looked at the risk of the organization from many different aspects, including impact into the communities.

Mr. Ramdeen: At page 13 of the report that was submitted under the heading of “Asset Integrity”, it gives a history of what was being spent on Petrotrin. It said \$168 million was spent in 2015 on repairs. In 2016 it was reduced to \$100 million, and the budgeted expenditure for fiscal 2017 is expected to significantly increase to US \$630 million. How is Petrotrin going to fund this?

Mr. Harewood: So our approach to our budgeting thus far requires us to budget for our operational expenditure, what we call our “OPEX”, and also requires us to budget for our capital expenditure, and what we call our “non-recurrent expenditure”. Non-recurrent expenditure interestingly includes a number of asset integrity issues that we have identified, and those three components make up our funding requirement of the company which is met from our revenue and from our short-term lendings and borrowings as required.

Mr. Ramdeen: This particular figure of US \$630 million that is budgeted to be spent in fiscal 2017, how is that going to be funded?

Mr. Harewood: From our raising of funds for our capital programme and our operating expenses. That is part of our budget. I mean, we are not the authors of this document that came from the committee, but our expectation is that this would have included capital projects as well as non-recurrent operational expenses.

Mr. Ramdeen: But this money, this \$630 million, am I not correct in saying this \$630 million that Petrotrin is going to spend, or projects to spend in fiscal 2017 as it says here, is solely on asset integrity?

Mr. Harewood: What would have happened is that we would submit a portfolio of projects to be done for the company for each fiscal year. What we would then do is identify those projects that are related to asset integrity and group them together. The sum of that is, I assume, what is being covered here.

Mr. Ramdeen: Mr. Harewood, this figure of US \$630 million, is this a realistic figure that Petrotrin expects to spend on asset integrity in fiscal 2017?

Mr. Harewood: Well it is a budgeted figure, and it would be the figure that we would go about—yes, yes.

Mr. Ramdeen: That is what it says; it is a budgeted figure, so Petrotrin has—

Mr. Chairman: May I just intervene here. The year in question, is it a calendar year 2017 or financial year 2017?

Mr. Harewood: I assume that this report said fiscal 2017.

Mr. Chairman: So that would have been finished, it is spent already. No, I was just listening to Sen. Ramdeen, and he was speaking about Petrotrin's intention to spend this money, but it seems the money is already spent.

Mr. Ramdeen: Can I correct this? Mr. Harewood, just building up on what the Chairman just elicited, how much of this US \$630 million was spent? Perhaps the question might not be proper to direct to you, or if it is, or anyone else, how much of this US \$630 million has been spent by Petrotrin in fiscal 2017?

Mr. Harewood: So that was what I thought you would have asked, and basically we can come back to you with a detail of where we have spent our budget so far, but I would say off the estimates that we have so far we would not have maxed out this figure for fiscal 2017.

Mr. Ramdeen: Is there anyone who is here as part of the committee that would be able to assist us? I am not asking for the specifics, you know. What I am asking for is could someone assist us and tell us, out of the budgeted \$630 million how

much has been spent, was it half, a quarter?

Mr. Harewood: I cannot tell you that off hand member, we can provide that as a subsequent answer.

Mr. Chairman: Mr. Harewood, you are telling me there is nobody here from the management who would be able to tell you that?

Mr. Harewood: From our budgeting process, I do not know if anybody knows that off hand. The point I am making to you, Chairman and member, is that our budget includes a number of projects which would include developmental projects, reliability projects—

Mr. Chairman: No, Mr. Harewood, let me clarify my question. Are you saying that based on the members of the management who are present—not the board because the board just came in; it is not fair to ask members of the board—but I am asking you as President and members of the management, nobody here can say roughly how much money was spent on asset integrity in 2017?

Mr. Harewood: Mr. Chairman, this figure here amounts to around just over TT \$4 billion, and I know that we did not spend \$4 billion last year on our entire capital project.

Mr. Chairman: I am aware of that; I know that.

Mr. Harewood: So I would prefer that we go back and do the work and give you an answer with the details as to how much out of what was spent we could attribute to asset integrity.

Mr. Chairman: You are unable to say here today whether you spent \$1billion, \$2 billion, \$500 million, you cannot say?

Mr. Harewood: I would not want to hazard a guess. I would rather we do the collation and provide you with the response.

Mr. Lee: Chair, through you to the President—I do not know if to safely say the

outgoing President. But if I hear you correctly, and asset integrity is one of the critical area that Petrotrin has a concern with, and for the well-being of the country, is it fair to say that this Committee cannot even get a response from the Petrotrin team of what was spent on a critical area throughout Petrotrin that impacts the country, as to our safety and environmental issues, that they do not, even coming here, tell us how much money was spent on asset integrity? Is that a fair question? Is that a comment I am hearing from the President?

Mr. Espinet: I think that perhaps there might need to be some clarification, because I am not so sure that asset integrity is booked as a line item in the accounting of Petrotrin. You know this you are talking about constitutes a number of items some of which were capital expenditure and other things, and I think that maybe it relates to specific items; and they will probably be able to give you some understanding of where they have spent money in repairs and maintenance or something of that sought, that would directly relate to that, but there are other parts of it which becomes part of it as a capital expenditure. So I think from an accounting point of view that is going to be a challenge for them to do it unless they go back and do some research on it.

Mr. Chairman: Let me come in, Mr. Ramdeen. If we go to page 13 and we look at that same paragraph, Petrotrin told the Lashley Committee that the actual expenditure on asset integrity in fiscal 2015 was TT \$168 million, while in fiscal 2016 it reduced to TT \$100 million. If Petrotrin was in a position to be able to tell the Lashley Committee that, and then also tell the Lashley Committee that the budgeted expenditure for fiscal 2017 is US \$630 million, why it is you cannot tell us now what went on, since you were able to tell the Lashley Committee this? Or let us put it another way, on what basis did Petrotrin tell the Lashley Committee this?

Mr. Harewood: Mr. Chairman, I think it is unfair to suggest that Petrotrin told the Lashley Committee this. We appeared in front the Lashley Committee on many occasions. As a witness we would have presented different aspects of our operation, and the committee would have made the compilation. This number from where I sit appears to be a high number, and higher than our normal budgetary expenditure, even for all our assets, so that is why I have asked that we go back and compile the information and present it. That is all I am saying. This is not our report; this is the Lashley Committee Report.

Mr. Ramdeen: But you see, the difficulty I have with that, Mr. President, is this: as a country we are here tasked with the burden of trying to find out—which is what the Chairman explained on the last occasion; I am going to get to that—of what do we do with Petrotrin as a country. And the Lashley Committee was tasked by Cabinet to prepare a report to inform the Cabinet and the country—because the Cabinet is going to make the decisions that govern our country as to what they are going to do.

You are saying that Petrotrin appeared before the Lashley Committee. We have a figure here, and the reason why I went to it first is because, like the Chairman indicated, from US \$100 million to over \$4 billion, it is one of two things are happening here. It is either Petrotrin has not given the Lashley Report information that is accurate, which would then mislead the persons who have to make the governance decision in the country, and that is entirely unsatisfactory. The second point I want to make is that: when we were here on the last occasion I was very heartened by the statement that Mr. Espinet made about the position Petrotrin finds itself in. As Chairman I can recall Mr. Espinet saying that he indicated to the board and management that things cannot continue to go on like that, because Petrotrin is not run as though it is a private organization.

Now, the Chairman of this Committee is Corporation Sole. It is as though you are reporting to the board, and you have come here and we are asking questions about what is happening at Petrotrin, and we cannot get answers, and from where I sit that is entirely unsatisfactory. We have the management of Petrotrin here before us, and we are talking about \$4 billion, US \$630 million you have told the Lashley Committee is going to be spent on asset integrity, which is one of the most pressing matters that Petrotrin has to face.

Well can I ask straight this question: is this an accurate figure or is this accurate information to have been told to the Lashley Committee that from TT \$100 million in 2016 fiscal, that Petrotrin was expected to increase the expenditure on asset integrity to over \$4 billion in one financial year?

Mr. Espinet: Chairman, I suspect that this number also includes other things such as the ULSD plant, which is all part—it was in the first part of that page. There was, as you know, this whole USLD plant. Part of repairing that process might have gone down into that total figure.

Mr. Chairman: Actually, the way I would like to deal with this, since nobody in the management in Petrotrin can tell us today, and it is unfair to the new board to ask them, I am not sure we should continue along this line, because we would have circular arguments. We will just arrive at the same place that we started. So I want to suggest that we get the information out of them immediately. How long will it take Petrotrin to give us this information? And the information is, on what basis was this figure—because I cannot accept what you said Mr. Harewood—I cannot—that this information was not received from Petrotrin and told to the Lashley Committee. I must assume that the Lashley Committee put this in here based on information it got from Petrotrin. I cannot accept any other interpretation of that.

So can we ask Petrotrin, within the shortest possible time, to tell us where this budgeted expenditure for 2017 of US \$630 million came from and what was the actual expenditure? How long would you take to give us that information?

Mr. Harewood: You can have that available by the end of the week.

Mr. Chairman: Fine, and the end of the week is just two days from now. And on what in terms of categories, you do not have to go into fine details, but you could say on pipeline replacement, pipeline repair, tank replacement, tank repair, because that to me is what makes up the major element of asset integrity. It is repair of pipelines, repair of tanks and things like that. Yes, Mr. Ramdeen, you go ahead.

Mr. Ramdeen: I want to ask one question, you are the President of Petrotrin. As the President of Petrotrin do you consider that Petrotrin has the ability, as we speak or in fiscal 2017, to spend US \$630 million on asset integrity?

Mr. Harewood: I can tell you that our budgeting did not include US \$630 million on asset integrity last year.

Mr. Ramdeen: That is not the answer to the question I am asking. I am asking you as the President of Petrotrin, does Petrotrin or did Petrotrin in 2017 have the ability financially to spend US \$630 million on asset integrity?

Mr. Harewood: In one fiscal year, no.

Mr. Ramdeen: That would then lead to one more question. So that on the face of it, what was told to the Lashley Committee, borrowing from the words of the Chairman, Minister Imbert, could not be correct? It could not be.

Mr. Young: If I may, Mr. Chair, through you. On taking on that point that Mr. Ramdeen was raising, I think the first thing that needs to be ascertained is where the figure came from.

Mr. Espinet: Chairman, I wonder if I could make a restatement that I had been made earlier on. When the Lashley Committee was trying to put together this

report, we were clear in our minds that nobody could sit here, in the building next door and over a period of seven meetings come up with a whole bunch of recommendations that would take Petrotrin out of its present predicament. And so the report was clearly about the fact that governance and certain other things were the principle focus of the committee before we got down into what was nitty-gritty.

Obviously, this report was put together from a number of other reports. So I suspect that there is clearly some misunderstanding that went on in this whole thing.

Mr. Young: If I may, Mr. Chair. I am taking on that point now Mr. Espinet. This Lashley Report was produced in June 2017; we are now in January 2018. Mr. Ramdeen a short while ago reminded the country that on the last occasion Petrotrin told us at this Committee that you all were in the process of looking at Petrotrin. This board's tenure began in October of last year or September of last year.

Mr. Espinet: September.

Mr. Young: So September of last year. Can you now tell us what is it that the board, this new board, has done now from September last year to now, and then also tell the country what are your findings, if you all made findings with respect to Petrotrin, and what are the proposals going forward with respect to Petrotrin?

Mr. Espinet: Chair, through you, I would like to answer that the board when it came into office decided that it needed to understand Petrotrin much more clearly than it had in the past, and so we engaged a number of experts to come in and help us to understand what were the assets of Petrotrin.

Having gone through an exercise of determining the capability of the assets of Petrotrin, since our mandate was to bring Petrotrin back to viability and profitability, we then started to design, if you want, or define how we are going to take the assets that we had and get them there. That process meant that we have

determined that there are certain assets in our existence which were separated into two directions or into two operational characteristics. One was Refining and Marketing and the other one was our Exploration and Production. We determined that both of these sets of assets were capable of being viable, albeit the Refining and Marketing was much more difficult than that of E&P. The difficulty arose because the cost structure of both of the organizations needed to be brought into what is a competitive level in order to sustain the both operations.

Having come to that conclusion and having been reinforced with information from the experts, the board then made a presentation to a number of Government Ministers as the shareholders, and having done that they presented to them the options and what was our intention in terms of trying to bring the costs down. Evidently in bringing the cost down there are a number of things that have to be done that engaged all of the stakeholders. So the board went about engaging stakeholders in the process of letting them understand that we are embarking on a programme of bringing this group of assets into viability.

We met with the union. We met with members of the management of the company, a wide section of the management of the company. This is an ongoing process, because we plan to meet with the union again for them to make their presentation. We presented to them the information, the findings that were there in each case, so there has been one message that has been presented to everybody.

Mr. Young: Which was what?

Mr. Espinet: Well the message was the fact that a number of these assets are being operated in a manner that we need to change because their work practices, their method of operating, the cost structures are not consistent with companies in this same field of endeavour, and clearly these companies will not survive unless they were competitive.

Mr. Ramdeen: Mr. Espinet, I want to just cut into the Vice-Chairman and ask—with the greatest of respect to you Mr. Espinet. I do not think that your answer is really what Mr. Young is getting at, unless I am wrong. We all know what the problem at Petrotrin is, the costs are too high. I think what the Vice-Chairman is asking is, what did you tell or what was your plan that you told, whether it be the Ministers of Government, the OWTU, the members of management of the company? What were the specifics that you told them were your plans or suggestions or proposals, let me put it that way, to bring the costs down?

Mr. Espinet: One of the things that the board engaged in was we brought in people who have benchmarked the company in relation to its competitors, and that benchmark we intend to use as the road map going forward negotiating with the various stakeholders to bring the cost of it in line with competition. I do not know if that answers your question.

Mr. Ramdeen: It does not, Mr. Espinet, because with the greatest of respect again—

Mr. Espinet: Or would you like to know specifically whether or not we will take one truck from here and move it there.

Mr. Ramdeen: Let me put it this way, is it not correct that the cost of labour at Petrotrin is extremely high?

Mr. Espinet: There are a lots of things—not only labour, there are lots of things, the practices are also wrong.

Mr. Ramdeen: And all right, so is it that in the proposals that you made to the OWTU to the members of management, to the Government and the Ministers that met with? What were the ways that you told them that we are going to make Petrotrin more competitive by, one, bringing the costs down?

Mr. Espinet: We engaged them and our proposal to them has been—because they

have said to us we would like to make a presentation to you, and in the process we have given them an agreement that we will meet with them next Monday and after their presentation we will then bring together a team made up of theirs, ours and with people who are experts in the field to help us to bring the numbers in line with what is competitive.

Maj. Gen. Dillon: I think we are touching on the area of operation expenses which, to a large extent, has been in the public domain and is reflected in the Lashley Report. In terms of reducing their operational costs there are some issues there with respect to things like overtime, things like flaring and so on. I mean that may be going down in the nitty-gritty, but what is Petrotrin doing about reducing that overall operating cost, operating expenses?

Mr. Espinet: Minister, you are undoubtedly very familiar with the fact that all of these things are parts of agreements that are signed and registered, and parts of the culture of this system is that—and Mr. Ramdeen is very familiar with us—is the legal process that emanates from all of any attempt to change these as a one-sided arrangement.

Clearly it involves engagement of all of the participants in the process and there is going to be a process that you have to go through, that is, we are legally bound to do that. But let me point to you that all of these—the commitment of the board is to bring the costs in line. I cannot tell you that it is going to be that we will score 10 on one and nine on the other. There are a huge bunch of items that make up your costs. Contractors make up costs, the purchase of things, your rental of equipment, people for sure, overtime is one.

Mr. Young: Mr. Espinet, let me stop you there on the overtime point and ask you some questions, if I may. Petrotrin is owned by the State, correct?

Mr. Espinet: It is.

Mr. Young: So that means that every citizen of Trinidad and Tobago has a stake in Petrotrin, and this board has been put in place to take policy decisions with a mandate to assess Petrotrin and to see what can be done with Petrotrin to take an albatross off of the necks of citizens of Trinidad and Tobago. Is that fair?

Mr. Espinet: I would think based on the losses over the last couple of years, yes, certainly.

Mr. Young: Overtime—you just told this Committee in answer to my colleague, Mr. Ramdeen and my colleague, the Minister of National Security, that there are a number of agreements in place to govern your relationship with the work force at Petrotrin. That is your collective agreements with OWTU, correct?

Mr. Espinet: That is right.

Mr. Young: And in those agreements we as citizens of Trinidad and Tobago have heard certain things. One of the things—and I stopped you on the point of overtime—we have heard, and I am seeking some sort of clarification on here today, because I think the people of Trinidad and Tobago need to know what it is taxpayers deal with when it comes to Petrotrin. You all have offshore operations at Trinmar. Correct?

Mr. Espinet: We do.

Mr. Young: My understanding of what exists in this collective agreement is an eight-hour workday for a worker who works offshore, is that correct, according to the collective agreement?

Mr. Espinet: I would pass on to one of the people who can give you the specifics of that, but certainly that is so.

Mr. Young: I would like whoever is going to answer this question to please tell Trinidad and Tobago what goes on with the payment of a worker offshore on Trinmar, and the price that we the taxpayers pay for that worker on a daily basis,

according to the collective agreement. I think it is important that we know that, because we have been hearing things and I want confirmation as to the specifics of what that cost the taxpayer on a daily basis.

Mr. Harewood: Minister, let me begin by saying that our marine operations in Trinmar is run via operations which is run on a shift basis. It is a three-shift system, an eight-hour shift system. It is also maintained, if you will, via daylight operations. What is agreed within the collective agreement allows for the payment of base salaries and enhancements, if you will, based on conditions and time of work, and whether people work overtime hours, et cetera.

Mr. Young: Mr. Harewood, you are speaking truthfully, but you are speaking in a language that I on the street do not understand. Are you going to break it down or shall I help?

Mr. Harewood: I was going to hand over to the VP HR to give you any specifics around that. I just want to set that context.

Mr. Young: Thank you.

Mr. Derrick: Good afternoon, Minister. With respect to the Trinmar operations there are fixed travelling times, depending on the platforms. There are platforms in the north, platforms in the east, platforms in the south. They all have their own both travelling times. And in addition to the eight hours there is a straight time attached for travelling time to and from the platform.

Mr. Young: Again that is French to even me who has been familiar with collective agreements. Let me break it down. I am a worker working on a platform that takes two hours from the time I arrive at wherever it is I am supposed to reach to take a vessel, the jetty, and I am supposed to travel out to a platform. When does my work time start, is it when I arrive at the jetty, my shift? The eight-hour shift you all have referred to is when I arrive at the jetty to be transported?

Mr. Derrick: No, the time from the jetty to the platform is paid as straight time.

Mr. Young: Is paid as straight time?

Mr. Derrick: As travelling time.

Mr. Young: So that is travel time?

Mr. Derrick: Yes.

Mr. Young: And when I get out to the platform is that when my eight hours start?

Mr. Derrick: Yes, you have eight hours on the platform.

Mr. Young: And then when I leave the platform, because I have to leave the platform to get back, do I leave straight away at the end of my eight-hour shift?

Mr. Derrick: Generally, sometimes you have overtime. If there is overtime then there is overtime on the platform, but generally there is a shift system so they would leave at the end.

Mr. Young: We understand the shift system. It is an eight-hour shift system. I arrive at a jetty; it takes me two hours to travel out, so I am paid travel for that. I arrive on the platform now, I have an eight-hour work shift. From the jetty to the platform, two hours travel time. On the platform eight hours work time. To leave the platform to come back to the jetty is another two hours. My understanding is I do not leave the platform immediately at the end of my shift, but when my shift ends at that eight-hour mark, I am immediately now being paid overtime, is that true? At the end of your eight-hour shift overtime kicks in?

Mr. Derrick: Yes.

Mr. Young: So the two hours to get back to the jetty to land is overtime or that is travel?

Mr. Derrick: No that is travel time.

Mr. Young: That is travel time?

Mr. Derrick: Yes, it is a maximum one hour.

Mr. Young: It is what?

Mr. Derrick: At the maximum it is an hour. It varies between half an hour and one hour for travelling time one way.

Mr. Young: So it does not take two hours to get to the platform?

Mr. Derrick: No.

Mr. Young: Then what happens is whilst I am waiting on the platform, because invariably you have to wait for the boat that is coming out to drop off the next shift, there is an overlap of time, and that is the overtime payments made there, yes?

Mr. Derrick: They may have overtime, yes.

Mr. Young: You are saying they may have, so that does not happen often?

Mr. Derrick: It happens, but not all the time.

Mr. Young: Let me ask this question, you are the Vice-President in charge of HR or operations, what is it?

Mr. Derrick: I am Human Resource and Corporate Services.

Mr. Young: Payroll falls under you?

Mr. Derrick: No, it is under Finance.

Mr. Young: But the collective agreements, re. overtime, you are familiar with?

Mr. Derrick: Yes, I am familiar with.

Mr. Young: Who can answer the question for what is the overtime bill of Petrotrin on, say, a monthly or on an annual basis? What is the overtime bill, and then compared to what is the normal salaried, flat salary or whatever you call it?

Mr. Derrick: It is about \$22 million a month for overtime.

Mr. Young: \$22 million a month for overtime?

Mr. Derrick: For the entire company.

Mr. Young: And what is the flat salary?

Mr. Derrick: Salary for the year is about \$2 billion.

Mr. Young: \$2 billion?

Mr. Derrick: Yes.

Mr. Young: So salaries for the year are \$2 billion, but does that include overtime?

Mr. Derrick: Yes, which includes overtime.

Mr. Young: What I am trying to find out is the comparison between overtime—so in other words, the ratio of your \$2 billion salary a year, how much of that is overtime? Is it what you just said, \$22 billion? Is it \$22 billion by 12 which is what, about \$150/160million?

Mr. Derrick: Yes, that is correct.

Mr. Harewood: It approximates about 18 per cent, Minister.

Mr. Young: How much, sorry?

Mr. Harewood: About 18 per cent.

Mr. Young: So 18 per cent. So near to 20 per cent of our salary bill at the end of the year is overtime? Sorry Mr. Espinet, I interrupted there.

Mr. Chairman: Let me come in here now. Mr. Derrick, you are saying something there and then the terminology changed. Let me just see if I could understand. You said when the person is travelling from the jetty to the rig, it is straight time?

Mr. Derrick: Yes it is.

Mr. Chairman: So that is regular pay?

Mr. Derrick: Yes, it is between half an hour and hour pay straight time for travelling.

Mr. Chairman: So it is not travel time or anything like that? They are being paid their regular salary and allowances during that—let us use the hour—during that hour from the jetty to the rig they are being paid as if they were working, straight

time?

Mr. Derrick: Yes.

Mr. Chairman: And then they get paid eight hours straight time?

Mr. Derrick: Yes.

Mr. Chairman: And then they get paid another hour straight time if they do no overtime?

Mr. Derrick: Yes if they do not.

Mr. Chairman: So somebody on an eight-hour shift is actually paid for 10 hours?

Mr. Derrick: Yes, they are.

Mr. Chairman: I just wanted to clear that up.

I think we are kind of going a little off course here, because if we go to the Lashley Report—and let me see if I can expand on the question asked by Minister Young. If we look at page 27, 28 and 29 of the Lashley Report, in particular page 29 Item 3, Operations. I just want to read a sentence:

Currently Petrotrin's cash flow is tight. Its working capital eroded. Margins are negative. Salaries are estimated at 50 per cent of operating cost and the company has an over leveraged system.

Then it goes on:

Based on the Solomon Consultants' report this estimate is too high against any benchmark.

Could you tell us what the company plans to do about that? Because there is a definitive statement here in the report, which I assume is correct, that this estimate, and I assume it is the salaries at 50 per cent of operating costs—because that is the only estimate in the preceding paragraph—is too high against any benchmark. Could you tell us what you plan to do about that, and what is the benchmark?

Mr. Lee: Chair, before whoever the Chair puts that question to and they answer—let me ask Mr. Harewood as the President, does he agree with that statement at Item No. 3 in the operations that the Chairman just read out, on page 29?

Mr. Harewood: Yes member, we have been on record as saying that we have safety issues, asset integrity issues, people and competency issues, and we have also been on record as saying—

Mr. Chairman: I did not read that out. It is what I read out:

Currently Petrotrin's cash flow is tight. Its working capital eroded. Margins are negative. Salaries are estimated...

Mr. Harewood: Yes, that is correct. We have been on record as saying that.

Mr. Chairman: So what is the benchmark? Because there is a statement here that some consulting firm called Solomon Consultants said this is too high against any benchmark. So what is the benchmark figure?

Mr. Espinet: Chairman, Solomon & Associates was in fact brought back in at the time that we came into office as well, to define in very specific details where and how many do we have as being above—in every aspect of it, how are we above what is the standard. This exercise they had completed the field work on it, they have done some workshops on it that was completed a couple of days ago, last week, and they are now doing the final report which is due to be sent to us by the middle of this month.

And to answer specifically what are we doing about it, the board as you know has started the programme of engaging the stakeholders to first of all let them understand the expanse of this problem, because we are identifying labour in here, but this thing goes in every aspect of Petrotrin's activity. There are problems with your banks.

Mr. Chairman: Mr. Espinet, just let me interrupt you. This is the Energy Affairs

Sub-Committee of the Parliament. We still have to interrogate BP, BG, EOG, Perenco, BHP, plus, plus. We really want to finish the interrogation of Petrotrin. Clearly we need another meeting.

What I would advise, just a suggestion, a very respectful suggestion, that if there is a statement such as this, that 50 per cent of operating costs being paid to salaries is too high, what is the correct figure? So what should it be, 25 per cent, 30 per cent, 40 per cent, 10 per cent? Somebody must know. Somebody in this group here must know what is the standard international benchmark for salaries in terms of operating costs. I would be shocked if nobody knows that, especially Mr. Harewood, you must know. So could somebody answer, please? I do not think it is fair to the board, "dey just reach". Management must be able to tell us.

Mr. Espinet: No, no, Chairman, let me take that because part of the presentation made by Solomon indicated that it is twice as much as it should be.

Mr. Chairman: So we got the answer.

Mr. Espinet: So that gives you an indication. It is twice as much as it should be in terms of the cost.

Mr. Chairman: So it should be around 25 per cent?

Mr. Espinet: Yes.

Mr. Chairman: Okay, great. Well then can we now go to, if salaries are twice as much as they should be using the international benchmark, and all the other problems that you have: working capital eroded, margins negative, over leveraged, plus salaries at twice what they should be, what is the plan to deal with that?

Mr. Espinet: I want to let you know, Chairman, that this board has been challenged with trying to find some sort of traction among the stakeholders in moving this thing forward, because time is of the essence as you would appreciate. In a number of areas these thing have become very urgent, more than urgent, and

so we have been up and down with all of our stakeholders trying to at least convert their thinking to the understanding that Petrotrin cannot exist in its present form; it cannot. There may be a hangover that has lasted for a long period, where people believe that the State will come and pick it up.

Mr. Ramdeen: But Mr. Espinet, the question that I think we want answered is this, you have been very gentle in terms of telling us that you have to meet with your stakeholders, and I understand that, that is part of the process. I am not interested in the stakeholders at this moment because the Cabinet of this country put together a committee. The remit of that Committee was to advise the Government of this country as to how we move forward with Petrotrin.

I would have expected, and I fathom to think that I am wrong, that that committee in your presentations to the Government would have told the Government, listen, Petrotrin is operating at twice their operating costs with respect to salaries than they should be. Forget about the union for the time being, because that is a matter that we will come to. Forget about the union. When you went and made your presentation to the Ministers, or whoever it is Petrotrin made their presentation to, it must have been part of your presentation to tell the Government how is it that Petrotrin proposes to reduce the operating costs in relation to salaries to half of what it is now. I want to just preface what you are going to say by saying, the answer to that question cannot be we are going to meet with the stakeholders. That is the second part of the process, but the Government wants to know how you are going to cut the cost of salaries by 50 per cent.

Mr. Chairman: Mr. Ramdeen, I assume you want to know.

Mr. Ramdeen: Of course.

Mr. Chairman: So it is not just the Government, the Committee wants to know.

Mr. Ramdeen: The entire Trinidad and Tobago wants to know too. Telling us

that you are going to meet with the stakeholders, we know that, you have to do that, it cannot be done without them. But what is it that you told the Government you are going to do as a company to cut the operating cost in terms of salaries by 50 per cent?

Mr. Espinet: Mr. Ramdeen, one of the things that was identified from very early on is that that company needed to be focused in its operational activities, and so one of the proposals that has come out of it is to separate the operational activities and to focus our management and employees in their specific operational activity, rather than as we have them now as an integrated company where we have operational and a superstructure that manages it. That we see as being an opportunity to reduce the labour force for sure.

But there are going to be other things that have to be done, work practices and other things. I am not sure if it is that we could convince people in bringing salaries down that you may be able to work four days a week or three days a week rather than five if you want to keep numbers. These are all things that will have to come up in discussions. I cannot give you what the finality is because these are things that are going to have to be discussed and come to some understanding of how it could to be done.

Mr. Ramdeen: Mr. Espinet, I understand that, and that is why I am saying it is a process by which you have to balance both sides. You have to balance the Petrotrin side with the stakeholder side. All I am asking you is from Petrotrin's point of view what are you going to the stakeholders and tell them?

Mr. Espinet: We are going to have to bring down the cost of our operation.

Mr. Ramdeen: And how are we going to do that? Are we going to reduce the labour force? Are we going to make people work five days instead of seven days?

Mr. Espinet: That is part of a negotiated process, because I think that there are

about six ways to skin the cat. I mean, I do not know.

Mr. Chairman: Before we go any further, I think we will go till about 4.30. Is that okay with the Committee or you want to go shorter or later? You are good at 4.30?

Members: Yes.

Mr. Chairman: So we will go for another 20 minutes.

Can Petrotrin put together a PowerPoint presentation for this Committee on the way forward which would be broadcast live? I am just letting you know that if you do such a thing it will be broadcast live. Can you do that? Because I get the impression that you have already made a presentation to the trade union, unless I am wrong. I got that impression. So can Petrotrin do this?

Mr. Young: Before you answer that, Mr. Espinet, what I envisaged, adding to what the Chair has said, is that you have to tell, and it is for the Committee—but this Committee is representing the people of Trinidad and Tobago, so what we need, what I would like to suggest, is a presentation that starts off by telling Trinidad and Tobago what is the state of Petrotrin with some level of particularity. Because I heard Mr. Ramdeen say we all know is a burning platform or whatever is the phrase that is used in the report, but I think the people of Trinidad and Tobago need to have some ideas as to what it is you are really dealing with and then take up where the Chairman has put it, what is the board's proposal for the dealing with that going forward.

Mr. Espinet: Chair and Minister Young, with all due respect, I want to say that we at a board level are mindful of the fact of the friction that we could cause with a number of things that becomes counterproductive to the process that we are in. I am not against, in fact we have been making a lot of public statements that clearly indicate things, but these have to be chosen in such a framework that it does not

aggravate some one of our stakeholders that is—for example, we have been speaking to the bondholders, and we will be speaking to the rest of our bankers, and all of these are sensitive things. Even the terminology that we oftentimes are using about restructuring, has a legal connotation in the financial world. So we have to be careful that that is not a phrase that we would want to use at all, a word that we would want to use and so on and so on.

So I am saying to you I appreciate the public's need to understand it and I could only say I appreciate that emotions that surround the energy sector, but I am saying that the board has been very cautious about being pushed into a position that creates for us a bigger problem in moving as quickly as we would like to do. Sometimes the public posturing puts people into a predicament that they dig their heels in more than they are willing to do. While I am prepared to make a presentation to the public, which we can bring to this, I just want to caution against it being any expectation whereby all of the issues of Petrotrin are going to be kind of laid bare for the country.

Mr. Chairman: And that is fair, Mr. Espinet, but we still would like you to prepare a short presentation so everyone can get a better understanding of the issues and the challenges and the possible solutions. So how long will it take you to prepare that?

Mr. Espinet: Chair, I am sure that by the end of next week we could have something.

Mr. Chairman: So you could have it ready for the next time we meet with you?

Mr. Espinet: Certainly.

Mr. Chairman: I mean, you use your judgment. The way these committees work, if members of the Committee are not satisfied with the answers that they get or the information they receive, they would ask you again. So I just want to let you

know. But you say judgment, I fully understand what you said about saying things that the end might be worse than the beginning, would create a problem. I totally understand that. I expect you to use your judgment in that and your discretion, but we will still like you to prepare a presentation for the next meeting, a PowerPoint, to let the members of the Committee know, and the public by extension through the broadcast, what we are facing in terms of Petrotrin and what needs to be done to solve the problem, bearing in mind your issues with sensitive matters and matters that might create friction to use your word.

Mr. Espinet: Thank you very much, Chairman. I appreciate that leeway, but I want to give the assurance to the Committee that this board is totally committed to doing it, and it is a challenge of unbelievable proportions, as you could appreciate. I mean, I am sure all of you all know that. You have seen what is the posturing. You have seen how fluid it is and how the dimension of it keeps changing and morphing. So all I am saying is that this is not going to be an easy challenge, and I hope that everybody has their seatbelts on.

Mr. Chairman: No, we understand. Could we now move on to some other topics, please.

Mr. Ramdeen: Mr. Espinet, while I want to agree with the Chairman and what you said, and while I understand because of the field that I operate in as well, the issues of what can happen, I think we should be open to the public. This is going to be broadcast live, the purpose of this is to inform the public. Every stakeholders in this process has to understand something, Mr. Espinet.

The Government has said to the country over and over that we must tighten our belts, and Petrotrin is a real problem for this country—forget about the Government, for this country. And why it is a problem is because where you have finite resources and you find yourselves in a position where your revenue has

fallen by 90 per cent, you cannot be spending money on Petrotrin that could be spent on other things and on other parts of the country that are deemed to be more important. And while I understand we are playing with words in terms of saying the OWTU can strike tomorrow if they hear that people are going to be laid off, the facts of the matter are as a Committee we have a responsibility to discharge.

I would like the Chairman to consider that if a report or a PowerPoint presentation is going to be made, I do not think that it would be a proper discharge of our responsibility as a Committee for Petrotrin to determine what should be put into the public domain and what ought not to be put in the public domain. If it is that in the discharge of our responsibility to the people, that is a decision that we ought probably to make. If that presentation has to be made to lay bare what the facts are, it can be done in a particular way before it is put into the public domain, for the Committee to determine these are the things that the people of Trinidad and Tobago need to know, and these are the things that they ought not to know as a matter of confidentiality and protecting the interest of Petrotrin and third parties.

But it cannot be that we can continue. Like you said, everybody should put on their seatbelts and get ready to understand what is happening with Petrotrin. But at the end of the day, the normal man on the street whose taxes pay and run Petrotrin—as you would understand, Mr. Espinet, you said it on the last occasion, Petrotrin cannot be run like a private organization, because at the end of the day it is not private money that is running Petrotrin, it is the people of Trinidad and Tobago and their money that is running Petrotrin.

So at the end of the day, if a presentation has to be made of that magnitude, so that people must understand what is happening, when the Government takes decisions, they would understand why those decisions are being taken. I think that we should get the full picture, and we should be a part of that decision-making

process.

Mr. Chairman: Are you proposing that we have an in camera presentation first?

Mr. Ramdeen: Well I would like for us to see what the facts are.

Mr. Chairman: So that would be an in camera presentation first.

Mr. Ramdeen: And then we determine together with Petrotrin—

Mr. Chairman: And then we determine what can be revealed to the public?

Mr. Ramdeen: That is my proposal.

Mr. Chairman: That is a matter not for this public broadcast. That is a matter for us as a Committee. So Mr. Espinet, we will get back to you on whether it would be a two-stage process, a presentation to the Committee in camera, private and then another presentation to the public that contains information that can be publicized, or whether we go straight with one presentation. We will get back to you on that. The Committee will discuss that in camera.

Mr. Espinet: Chair, let me just say that there was no intention to keep hidden from anybody or anything, anything. It was only a caution that I made so that people's expectations come with the understanding—but the presentation we can make to you can fully disclose the state of Petrotrin. There is no reason why it could not.

Mr. Chairman: So we will be in touch with you. We will a meeting after this in camera, and we will let you know whether we want two or one presentation from you.

Mr. Espinet: Thank you.

Mr. Chairman: Are there other matters in the 10 minutes remaining, that members want to bring up?

4.20 p.m.

Mr. Lee: I will require more than 10 minutes but I will stop at 10 minutes

anyway.

Mr. Chairman: I was willing to stay here until midnight but I saw my—I think Mr. Ramdeen has a case to do.

Mr. Lee: I will direct it to the Chairman. I want to get back to the Lashley Report that was done in 11th of June, 2017. It has to do with management and Government issues, and I have a few questions to ask coming out of the governance and management. Recently there have been issues regarding possible false reporting and the amount of oil being sent to Petrotrin by certain companies. How does Petrotrin ensure that the amount of oil transported from a field to the refinery is accurate, as well as the quality of this crude? And I have several questions along this line. So I do not normally pose all my questions. I will do it one by one.

Mr. Chairman: Could I just stop you for a second? Mr. Lee, could you refine, or perfect that question? What are you really asking? How does Petrotrin determine how much oil moves from one part of its operations to another part?

Mr. Lee: Yeah, and coming out from the operators.

Mr. Chairman: The question is: How does Petrotrin determine how much oil is produced, and then exported to—

Mr. Lee: And the quality of the oil.

Mr. Espinet: Mr. Lee, I will certainly pass it on to the E&P people who would better be able to explain it. But it is like any other operation in any other company, one has what is, controls over the movement of its materials from one part of the company to the other, and it is measured. But I will pass it on. If you want the specific details in terms of the type of equipment used at each aspect, I will pass it on to—

Mr. Lee: Mr. Espinet—Chairman, it comes out of the false reporting that is

alleged to have taken place over the last few months. There has been some false reporting and it is out in the media and I am asking, you know, how that happened. And if it happened, what is the process of ensuring that the production that comes out from your field operators is measured properly and the quality of that product is the quality that you expect to receive?

Mr. Espinet: Mr. Lee, I know that this has been going on for decades so let me put it on to the President who will certainly be able to take you through or pass you on to the production people.

Mrs. Maraj-Adharsingh: Through you, Chairman, if I may answer on that question. In respect of the—I believe you termed it false reporting, in that it was in the media recently, Petrotrin is unable to comment on any issues in respect of that. That is a matter that is sub judice and we are unable to comment.

Mr. Chairman: All right. Let me come in here, please. Let us talk about it hypothetically or in general terms, therefore. Let us not deal with a specific incident. Let us change the question to dealing with a specific matter to a general question. How does Petrotrin measure oil that is produced in one of its fields or a private company and then transported, stored, collected and then received at its ultimate destination which I am told is Pointe-a-Pierre? How does Petrotrin do that, hypothetically?

Mr. Young: They have to do it. That is their job.

Mr. Chairman: Sorry, not hypothetically. How does Petrotrin determine the quantity of oil produced in its fields, the quantity of oil transported and the quantity of oil received at Pointe-a-Pierre?

Mr. Harewood: Mr. Chairman, let me just take that if I can. Petrotrin, as you know, operates primarily through two various divisions of our business, two core divisions, one being the upstream division and the downstream division. We

produce crude oil on both our land operations as well as in our marine operations, and that crude oil that we produce is sent to our refinery for processing. In moving the crude from our fields, or producing fields, to the refinery, we do it through a number of tank farms and pipelines, and then they go to in-transit tank farms, if you will, where we collate from what we call our western district and our eastern district, and then we bring that to our Pointe-a-Pierre refinery.

The areas where we are doing production ourselves, we will bring the crude from the various wells that are collated through various gathering stations, tank farms, et cetera, to a common tank farm area, where we measure the volume of crude that is being received from those fields, and then we pump that crude to the refinery and we measure the volume in the pump. We take a measurement of the volume received and we do a reconciliation process against what was pumped against what was received. That is the ongoing process that obtains.

In our land operations, we have a number of third-party operators who are also part of our production in those areas, and they produce crude into our land operations, and at the point that they transfer the crude they produce into our land operations, we also measure the quantity of crude that is received and the quality of crude via sampling and lab testing to verify the water content, among other things. And that is also pumped into our Pointe-a-Pierre refinery and also measured and reconciled on an ongoing basis.

Mr. Lee: A follow-up question to the Chairman. It has been reported in the media that there has been some false reporting on oil received at Petrotrin. Is that a fair statement? Coming out of the internal reports, or even the reports done by external auditors, it has been reported.

Mr. Espinet: I think, Mr. Lee, through the Chairman, I would like to again go through the legal people. As Sen. Ramdeen and Mr. Young would know that—

Mr. Chairman: Let me assist you here and let me assist the Committee as well. The President told us about the movement. I think the question was also about the measurement. So we understand how it moves. It comes out of a well, it goes into a pipeline and it goes to a tank, then it goes to a bigger tank, then it goes through a series of pipelines to another tank, and it arrives in Pointe-a-Pierre. How do you measure how much oil comes out of the well; how much oil goes to the first collector tank; how much oil goes to the big collector tank; how much oil goes from that big tank to the tanks in Pointe-a-Pierre? How do you measure?

Mr. Young: With oil provided by third parties.

Mr. Chairman: Yes, with oil not produced by Petrotrin.

Mr. Harewood: If I can answer now. Again, the process by which we measure the crude we receive is a process that is in accordance with the API standards and it is basically made up of tank gauging, which is fundamentally a manually-operated system. In some cases, there is some instrumentation, and we also use—

Mr. Chairman: Mr. Harewood, being an engineer I might understand what you mean, and I use the word “might”, but not everybody in this room is an engineer. Explain what tank gauging means.

Mr. Harewood: So, again, in a very general way, tank gauging means that we measure how—we take a measurement of the height of the fluid in the tank—

Mr. Chairman: What do you use to take that measurement?

Mr. Harewood: We actually do manual measurements. We actually do a dip of the tank—

Mr. Chairman: With what?

Mr. Harewood: A dipstick. So it is called tank gauging.

Mr. Chairman: That is what I would like you to say. So you use a dipstick and you put the dipstick in the tank and you measure the level. That is what—

Mr. Harewood: Mr. Chairman, you seem to have a better understanding of the process. [*Crosstalk*]

Mr. Chairman: That is why I say I might understand, because I am an engineer. Not everybody will hear it so easily.

Mr. Harewood: Well, it is fundamentally a manual system. So I am suggesting to you that what we do is that we measure the height of the fluid in the tank—

Mr. Chairman: Using a dipstick.

Mr. Harewood: Using a dipstick in some cases, and then we also—

Mr. Chairman: And you said some cases. And in other cases?

Mr. Harewood: Because in some cases we may have instrumentation and—

Mr. Chairman: Like what, a gauge?

Mr. Harewood: We may have an automatic gauging system; we may have hand-held gauges that can be used on tanks that can tell you what the height of the tank is and—

Mr. Chairman: Using sonar?

Mr. Harewood: Using infrared technology.

Mr. Chairman: Infrared. Okay. Hold on. What percentage of your—

Mr. Harewood: Not a high percentage.

Mr. Chairman:—measurements are done using dipsticks?

Mr. Harewood: Most of our measurements are done using manual systems, which is dipsticks.

Mr. Chairman: So the vast majority of the measurement is done using a dipstick?

Mr. Harewood: Yes.

Mr. Chairman: This is in the first tank in the line? You go from well, pipeline, tank, tank, tank, tank. In the first tank is a dipstick?

Mr. Harewood: Let me let the VP, E&P take that detail, Chairman—

Mr. Awah: Okay, so the majority, as we have said, is in keeping with the first tank from a well into a tank, it is done by a manual—a dipstick. In some areas—very few—we have what we call multi-phased metering and we have that in the offshore operations where that is done via beta technology. But all the systems from the well testing into the secondary gathering stations, into the final tank farm, the majority, over 98 per cent, will be done with dipstick, manual. In order to get the water cut to understand what is clear oil and what is water, there is a tape that distinguishes between oil and water, and that is measured. There are temperature calculations that are done—

Mr. Chairman: You are going a bit too fast. Now you are getting into the realm of quality, although it is linked to quantity. So you put a dipstick into the first tank and you measure the amount of oil. And is that repeated in every other tank all the way down to Pointe-a-Pierre?

Mr. Awah: Yes. So basically that is done. So from the well you go to a collection system and, of course, these systems, you are able to rotate one well, another well, et cetera. So, well test typically is a 24-type hour test to be able to understand what the weight of the well is actually doing. And there are in-transit tanks that we do the same thing until you get in two main gathering tank farms, which is in Barrackpore and in Bernstein, and from there it is pumped to the Pointe-a-Pierre refinery. That is also done at the refinery also.

Mr. Chairman: So a dipstick method is used from the well all the way to the main collector tank?

Mr. Awah: That is correct, yes.

Mr. Chairman: When it is pumped from there to Petrotrin it goes into holding tanks or something like that?

Mr. Awah: Yes.

Mr. Chairman: How do you measure what is in there?

Mr. Awah: Via manual gauging dipstick also.

Mr. Chairman: Same dipstick?

Mr. Awah: Yes. And that is the majority. Maybe two installations are, what you call LATT, automatic—

Mr. Chairman: Is that best practice?

Mr. Awah: It is an accepted practice but there are, obviously—there are improvements to that via technology. There are some that have the automatic cut to be transferred, which is—

Mr. Chairman: What is your name again, Sir?

Mr. Awah: Stephen Awah.

Mr. Chairman: Mr. Awah?

Mr. Awah: Yes.

Mr. Chairman: Best practice is a term of art. Is that—let me help you—the best practice?

Mr. Awah: It is a well-recognized API standard. It is an API standard—

Mr. Chairman: You are not answering my question. If Petrotrin had the option to use an electronic gauge or some other electronic device, or a mechanical device, that could measure the volume of oil in a tank, compared to the dipstick method which is a human being holding a rod and sticking it in a tank, which is the better practice?

Mr. Awah: We would like to go with the electronic systems.

Mr. Chairman: I would have thought that would be self-evident. Now, let us go to quality—

Mr. Awah: Chair, just one qualifier on that, is that these systems also have to have rigorous maintenance procedures in terms of calibrations and so on.

Mr. Chairman: Yes, but you have to calibrate the human too. The human can make mistakes just like the mechanical device. So let us go to quality now. How do you determine what is oil and what is water?

Mr. Awah: So there is a tape that is lowered into the tank also that is able—the material on the tape is able to change, based on the interface with water and crude.

Mr. Chairman: So you have to wait for it to settle, then.

Mr. Awah: Yes.

Mr. Chairman: So you cannot measure immediately.

Mr. Awah: That is right.

Mr. Chairman: You have to wait for the water to separate from the oil.

Mr. Awah: That is right.

Mr. Chairman: And throw.

Mr. Awah: Yes.

Mr. Chairman: And how do you measure the quality of the oil itself?

Mr. Awah: That is sent to our lab, so each sample that is—there is something that you call a “thief” that you send into the tank to be able to take—

Mr. Chairman: A what?

Mr. Awah: A “thief”. We call it a “thief”. So at different intervals in the tank you take basically a field that was lower, middle and top, and you take that—

Member: Measuring device.

Mr. Awah: Yes. It is able to get a sample in the tank and you take that—

Mr. Chairman: Obtains a sample of the oil.

Mr. Awah: Yes. Well, the oilfield term is a “thief”. It may be not appropriate here, but—

Mr. Chairman: That is all right.

Mr. Awah: And then that is taken to the lab to do the appropriate testing.

Mr. Chairman: Okay. Is that sampling done in the first tank, and the second and the third and the fourth? Or is it done only in certain tanks?

Mr. Awah: That is basically done in the tank farm areas.

Mr. Chairman: The collectors.

Mr. Awah: The collectors, the main collectors, correct.

Mr. Chairman: So if oil is coming from different areas, different wells, different fields, different producers, and you are sampling in the collector, how do you know whose is which and what was the quality of the oil in the well?

4.35 p.m.

Mr. Awah: Okay. So that is done basically in the first tank where we do the individual well testing, where that is done. So you get a characterization well by well, the water cut, quality crude, et cetera.

Mr. Chairman: But I have just asked you that and I got the impression, perhaps I was wrong, that you said that you test in the collector tank, not in the first tank.

Mr. Awah: Okay, just to be clear, that is for the purposes of custody transferring. There is a clear differentiation for well testing versus custody transfers. Again, for the well testing it is really a lot to do with reservoir management.

Mr. Chairman: So you are testing the oil as it comes out of the well, or as it goes in to the first tank?

Mr. Awah: Basically the well test tank, that is what you want to do for an individual well test tank.

Mr. Chairman: That is what I mean by the first tank.

Mr. Awah: So you clearly understand the properties of wells with respect to reservoir management.

Mr. Chairman: So you test the quality of the oil that comes out of the particular well in the well test tank—

Mr. Awah: Yes.

Mr. Chairman:—and then you test it again in the collector tank? Well, that is when it comes from everyone?

Mr. Awah: That is correct.

Mr. Young: Just from a measurement point of view now. You have different fields, different operators, all of their product is then piped to the collectors' tank? Yes?

Mr. Awah: Yes. The two main stations are in Barrackpore for the eastern, and the western is in Bernstein in Forest Reserve

Mr. Young: So then what you are relying on for the accuracy of each operator's quantity is what you do at their wells, the testing of the tanks at their wells?

Mr. Awah: At their gathering station via the dipstick, yes. So what we call a high gauge and a low gauge.

Mr. Young: Because everything is then gathering in these collector tanks—

Mr. Awah: That is correct.

Mr. Young:—from various operators, various fields, et cetera.

Mr. Awah: That is correct.

Mr. Chairman: Mr. Lee, you want to ask the question? We kind of took over your question. We can return to you.

Mr. Lee: Maybe Mr. Awah could answer this question. Are there any cases from farm operators where the crude or the quality is mixed with another commodity? You all have any cases where, in layman terms, the quantity and the quality that the operators submit to Petrotrin via the collectors' tank, or what you call it, the first tank, is suspect and is mixed with another type of substance? Do you all have any cases like that?

Mr. Awah: Member, not that I am aware of. That has not been brought to our

attention.

Mr. Chairman: Mr. Lee, you want to explain what you mean by that question?

Mr. Lee: No, no. Well, I am just asking a question, Chairman, that based on some information that I might have that the quantity and the quality of the crude that is being sent to Petrotrin by these farm operators are suspect and is not the quality that Petrotrin is expect to receive is mixed with another substance, and I am asking are there any cases of that, any fines, or any cases that are suspect from farm operators in that respect and Mr. Awah said no.

Mr. Chairman: All right. So you have not picked up any evidence of persons tampering with the, I do not want to call it product, with the oil and mix it with something else that is of a lower value, or of a poor quality? You have not experienced that?

Mr. Awah: No, Chairman, we have not experienced that at all. We have not to my knowledge.

Mr. Chairman: Okay. All right. I think it is 4.39, I think we can wrap up now. The next meeting will be—when is Carnival?

Mr. Lee: 12th and 13th.

Mr. Chairman: What do you say? Do not meet before that? Well, we will either meet you immediately before or immediately after Carnival and we will let you know. At that meeting we would like you to make the presentation. We will tell you today whether it will be an in camera presentation first followed by the public, or whether it will be a straight public presentation.

I want to thank the members of the board and management of Petrotrin for coming and we do want to get on to bp and BG, and so and so. We are just letting you know. What is going to happen if members are not satisfied with the answers, then we will be with you a little longer than you might anticipate. Thank you very

much.

Mr. Espinet: Thank you very much, Chairman and members.